

MEETING: 10 JANUARY 2019

MINUTES OF PREVIOUS MEETING

Minutes of the 452<sup>nd</sup> meeting of the Accounts Commission held in the offices of Audit Scotland at 102 West Port, Edinburgh, on Thursday 6 December 2018, at 10.15am

PRESENT: Graham Sharp (Chair)  
Andrew Burns  
Alan Campbell  
Andrew Cowie  
Sophie Flemig  
Sheila Gunn  
Ronnie Hinds  
Stephen Moore  
Sharon O'Connor  
Tim McKay  
Pauline Weetman  
Geraldine Wooley

IN ATTENDANCE: Paul Reilly, Secretary to the Commission  
Fraser McKinlay, Controller of Audit and Director of Performance Audit and Best Value (PABV)  
Carol Calder, Senior Manager, PABV [Items 12 and 14]  
Antony Clark, Audit Director, PABV [Item 12]  
Stuart Dennis, Corporate Finance Manager [Item 13]  
Gemma Diamond, Senior Manager, PABV [Item 11]  
John Gilchrist, Manager, Procurement, Audit Quality and Appointments (AQA) [Item 13]  
Graeme Greenhill, Senior Manager, PABV [Item 12]  
Fiona Kordiak, Director, Audit Services, [Item 11]  
Mark MacPherson, Senior Manager, PABV [Item 12]  
Ashleigh Madjitey, Senior Auditor, PABV [Item 14]  
Kathrine Sibbald, Audit Manager, PABV [Item 14]  
David Sim, Benefits Auditor, Audit Services Group [Item 11]  
Owen Smith, Senior Manager, Procurement, AQA [Item 13]  
Claire Sweeney, Audit Director, PABV [Item 14]  
Rikki Young, Business Manager, PABV [Item 12]

Item No    Subject

1. Apologies for absence
2. Declarations of interest
3. Decisions on taking business in private
4. Minutes of meeting of 8 November 2018
5. Minutes of meeting of Financial Audit and Assurance Committee 22 Nov
6. Minutes of meeting of Performance Audit Committee 22 Nov
7. Audit Scotland Board update
8. Update Report by the Secretary of the Commission
9. Update report by the Controller of Audit
10. Statutory performance information
11. The future of housing benefit performance audit
12. Rolling work programme annual refresh
13. 2018/19 audits – local government fees
14. Local government overview: emerging messages
15. Commission business matters

1. Apologies for absence

It was noted that no apologies for absence had been received.

2. Declarations of interest

The following declarations of interest was made:

- Sheila Gunn, in item 11, as Vice-Chair of the Wheatley Group, in relation to references to housing matters.
- Geraldine Wooley, in item 11, given a close family member is an adviser and commentator in relation to poverty matters; and in item 12, as an owner of a property in a flood risk area.

3. Decisions on taking business in private

It was agreed that items 13 and 14 be considered in private because:

- Item 13 requires the Commission to consider a report by the Corporate Finance Manager on the local government fees, which may require the Commission to discuss confidential matters with the author.
- Item 14 requires the Commission to consider a report by the Director of Performance Audit and Best Value which will require discussion of draft report messages before publication of the report.

No business was notified by members for item 15 and thus the Chair advised that the item would not require discussion.

4. Minutes of meeting of 8 November 2018

The minutes of the meeting of 8 November 2018 were approved as a correct record, subject to noting that, in relation to item 6 (third bullet point), the matter was also raised by Sheila Gunn.

Arising therefrom:

- In relation to item 6 (third bullet point), in response to a query from Sophie Flemig, advice was noted from the Director of PABV that he would provide further information on matters around rent arrears and Universal Credit.

*Action: Director of PABV*

- In relation to item 6 (fourth bullet point), in response to a query from Tim McKay, advice was noted from the Director of PABV that he would provide further information on the implications of the UK budget on English local authority funding, and he would consider how such information might feature in his briefing on the Scottish budget, to be considered by the Commission at its January meeting.

*Action: Director of PABV*

5. Minutes of meeting of Financial Audit and Assurance Committee of 22 November

The minutes of the meeting of 22 November 2018 were approved as a correct record.

6. Minutes of meeting of Performance Audit Committee of 22 November

The minutes of the meeting of 22 November 2018 were approved as a correct record.

7. Audit Scotland Board Update

The Commission noted a report by the Secretary providing an update on the business of the Audit Scotland Board.

8. Update report by the Secretary to the Commission

The Commission considered a report by the Secretary providing an update on significant recent activity relating to local government and issues of relevance or interest across the wider public sector.

During discussion, the Commission:

- In relation to paragraph 10, and in response to a query from Ronnie Hinds, noted advice from the Secretary that further information on the error in the Controller of Audit report would be included in the briefing paper for those members meeting the council (which is also available to other members on request).

*Action: Secretary*

- In relation to paragraph 20, and in response to a query from Tim McKay, noted advice from the Secretary that he would liaise with Audit Scotland's New Financial Powers team to ensure appropriate briefing of the Commission of the passage of the Scottish Crown Estate Bill.

*Action: Secretary*

- In relation to paragraph 21, and in response to a query from Sheila Gunn, it was agreed that further information be provided on the Planning Bill once it is approved as an Act by the Scottish Parliament.

*Action: Director of PABV*

- In relation to paragraph 41, and in response to a query from Stephen Moore, noted advice from the Secretary that he would provide further information on levels of full-day nursery care in Scotland.

*Action: Secretary*

- In relation to paragraph 77, and in response to a query from Geraldine Wooley, noted advice from the Director of PABV that he would provide further information on any potential impact in Scotland of current financial difficulties being experienced by Allied Healthcare.

*Action: Director of PABV*

- In relation to paragraph 80, and in response to a query from Sophie Flemig, agreed that the Director of PABV consider, through the work of the appropriate policy cluster teams, matters associated with support for children with special educational needs and disabilities, with a view to informing work programme refresh activities.

*Action: Director of PABV*

9. Update report by the Controller of Audit

The Commission noted a verbal update from the Controller of Audit on his recent activity.

During discussion, it was agreed:

- To note advice from the Secretary that he would update the Commission on progress with the Scottish Government and CoSLA Local Governance Review.

*Action: Secretary*

- That the Controller of Audit provide information from the Audit Scotland discussion on lessons to be learned from matters associated with the financial difficulties experienced by Northamptonshire County Council.

*Action: Controller of Audit*

#### 10. Statutory Performance Information Draft 2018 Information

The Commission considered a report by the Secretary advising of the outputs from the stakeholder consultation undertaken on the draft Statutory Performance Information (SPI) Direction, and proposing a SPI Direction for publication by the end of December 2018.

The Secretary undertook a presentation setting out the outputs from the stakeholder consultation.

During discussion, the Commission agreed:

- The terms and content of the SPI Direction 2018, subject to revisions agreed in discussion, to be agreed between the Chair and the Secretary.

*Action: Secretary*

- That the SPI Direction be published before the end of December 2018.

*Action: Secretary*

- That it consider at a future meeting the audit approach in relation to monitoring and reporting of progress by councils in relation to the SPI Direction.

*Action: Secretary and Controller of Audit*

- To note advice from the Secretary that he would respond to all stakeholders who took part in the consultation.

*Action: Secretary*

- That the Secretary discuss with the Board of the Local Government Benchmarking Framework how best to promote the shared interests between the Commission and the Board in the Direction.

*Action: Secretary*

#### 11. The future of housing benefit performance audit

The Commission considered a report by the Director of Audit Services setting out proposals changing the approach to housing benefit performance audit.

During discussion, the Commission:

- Endorsed the proposed general approach.
- Agreed in particular the importance of themes around overpayments, resourcing and customer service activities.
- Agreed further in this regard a desired focus on advice services, to be reflected in the new approach.
- Agreed that Audit Scotland make preparations to move to a new approach.
- Agreed that Audit Scotland bring forward a final report on the proposed approach for approval in the first quarter of 2019/20 after discussion with DWP.

*Actions: Director of Audit Services*

## 12. Rolling work programme annual refresh

The Commission considered a report by the Secretary presenting proposals from the Director of PABV for the annual refresh of the Commission's five-year rolling work programme.

During discussion, the Commission:

- Approved a proposed draft work programme incorporating detailed proposals for 2019/20 and 2020/21, subject to incorporating the following changes agreed in discussion, as a basis for consultation with stakeholders:
  - That, specifically, for a performance audit in 2020/21, waste management be agreed in preference to flood risk management.
  - That the Director engage in discussion with appropriate strategic scrutiny partners in relation to potential collaborative activities around flood risk management and emergency resilience.
  - That further discussion take place about potential areas of coverage for a series of local government service-specific audits in the years 2021/22 to 2023/24.
  - Not to programme a *How Councils Work* report in 2019/20.
  - That further discussion take place on potential subjects for the next in the series of *How Councils Work* reports in 2020/21, including the potential of a summary of all reports published in the series so far.
  - That the Commission's significant interest in community empowerment matters be underlined as part of the work programme and articulated accordingly to stakeholders.

*Actions: Secretary and Director of PABV*

- Noted the activities around the diversity and equality implications of the work programme.
- Approved the proposed stakeholder consultation arrangements, including engaging with the third sector.

*Action: Secretary*

- Noted that the Secretary would report back on the outcome of the consultation.

*Action: Secretary*

- Noted that the Performance Audit Committee would receive regular updates on progress with the programme, including updates on programme development activity.

*Action: Director of PABV*

## 13. 2018/19 audits – local government fees

The Commission considered a report by the Corporate Finance Manager providing details of expected audit fees for the local government sector for the 2018/19 audit year.

Following discussion, the Commission noted the fee levels for the local government sector 2018/19 audits.

14. Local government overview 2019: emerging messages

The Committee considered a report by the Director of PABV proposing the emerging messages for the local government overview 2019 report.

During discussion, the Committee agreed:

- To endorse the emerging messages, subject to a small number of revisions and other points to be addressed by the report team in conjunction with the report sponsors, Graham Sharp and Ronnie Hinds.
- That the emerging messages form the basis of the report for the Local Government in Scotland Overview 2019.
- That a draft audit report be brought to the Commission meeting in February 2019, prior to publication in March 2019.
- The proposed publication and promotion strategy be considered at its meeting in February 2019.

*Actions: Director of PABV and Secretary*

15. Commission business matters

The Chair advised that this meeting would be the last formal meeting for Alan Campbell. The Chair thanked Alan for his commitment and hard work in his appointment of eight years, and wished him well for the future.

The Chair then having advised that there was no further business for this item, closed the meeting.